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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Corporate Net-Zero Standard Expert Working Group (EWG) Meeting Minutes

Scope 2 EWG, Session 8: PC2 feedback + next steps

13/03/2026

Option A: 16:00-18:00 CET, 9 March 2026

Option B: 10:00-12:00 CET, 10 March 2026

Virtual

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As per clause 6 in the EWG Terms of Reference, members serve on the EWG in their individual capacity as technical experts.

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Meeting participants

Option A:

Expert Working Group Members present:

1. Drew Beyer, RMI
2. Elliott Engelmann, WRI (GHG Protocol)
3. Peggy Kellen, Center for Resource Solutions (CRS)
4. Rachel Kitchin, Stand.earth
5. Skye Lei, ServiceNow
6. Doug Miller, Energy Peace Partners
7. Alex Piper, EnergyTag
8. Rachel Swiatek, Climate Group

Observers

1. Michael Gillenwater, Greenhouse Gas Management Institute
2. Brad Schallert, Winrock International

SBTi

1. Nick Fedson, Scope 2 Lead
2. Emma Watson, Head of Corporate Standards

Option B:

Expert Working Group Members present:

1. Lucile Bourguet, Fortescue
2. Matthew Brander, University of Edinburgh
3. Pierre-Yves Gerus, EDF
4. Matt Koneiczny, Watershed
5. Erik Landry, GRESB
6. Mohand Salah, Sidi Kerier For Petrochemicals Company (SIDPEC)
7. Kae Takase, Renewable Energy Institute
8. Roble Velasco-Rosenheim, The I-TRACK Standard Foundation

SBTi

1. Nick Fedson, Scope 2 Lead
2. Emma Watson, Head of Corporate Standards

Note on the format of these minutes: This meeting was held twice to accommodate the time zones of the Expert Working Group (EWG) members. The content presented by the SBTi team was consistent across both sessions, and participants in each meeting engaged with the same interactive exercises. To avoid duplication, these meeting minutes present the shared content (presentations and framing) and include summaries of participant discussions from the Option A and Option B meetings.

Meeting agenda

Welcome & introducing the focus for the meeting	5 min
Review of PC2 feedback on scope 2	5 min
Sense check: Procurement types	5 min
Sense check: Deliverability	10 min
Sense check: 15-year rule	10 min
Sense check: Legacy clauses	20 min
Hourly matching approach	30 min
Conclusion & next steps	15 min

Meeting objectives

- Present feedback on the scope 2 chapter received in PC2
- Discuss key points for final direction in scope 2 around a list of procurement types, the deliverability criterion, age limit and exemptions to it, and legacy clause mechanisms for deliverability and age limit
- Discuss the proposed hourly matching approach
- Introduce 'mitigation hierarchy' as focus for a future meeting

Welcome & logistics

The session began with a welcome from the SBTi team, followed by reminders on confidentiality and antitrust guidance, and housekeeping. No new conflicts of interest were raised.

Review of PC2 feedback on scope 2

Four main themes were covered to summarize PC2 feedback on scope 2:

1. LCE emissions threshold: Stakeholders indicate 95% capture rate (0.024 kg CO₂/kWh) on CCS is uninvestable today, but 90% capture rate is investable today.
 - Proposed direction is to revise the LCE definition to 0.048 kg CO₂/kWh until 2035 and 0.024 kg CO₂/kWh from 2035.
2. Generator age limit: Many stakeholders requested more information on exemptions and raised interoperability concerns with 15-year equivalent in RE100 and 24/7 frameworks.
 - Proposed direction is to revise the limit to 15 years and clarify all exemptions.
3. Hourly matching: Strong opposition to hourly matching seen.
 - Proposed direction is to move to a recognition framework.

4. Target boundary exclusion mechanisms: Current approach to exempt certain loads entirely from scope 2 targets is misaligned with approaches in other scopes.
 - Proposed direction is to remove exemptions from scope 2 targets and introduce a 'mitigation hierarchy' in alignment with scope 3. Permit alternative actions, with differentiated claims, if LCE does not exist locally or LCE alignment criteria cannot be met with sufficient volumes.

Discussion

Option A meeting:

- One member asked for more details about the basis on which the decision was made to move from mandatory hourly matching to a recognition framework.
- SBTi explained the basis had been the volume of opposed feedback. SBTi also elaborated that a more detailed review of the evidence in favour of and opposed to hourly matching presented by different stakeholder groups was seen as necessary. SBTi could conduct this review during a call for evidence later in the year.
- One member asked how a call for evidence could affect CNZS V2.
- SBTi explained that the call for evidence could inform revisions to V2 of the standard, and would happen after publication of V2.

Sense check: Procurement types

- SBTi again shared the procurement types discussed in the December meeting but with a new proposal to differentiate claims using the activity pool concept to address the concerns with differentiation by 'purchasing' or 'attribute matching'.

Procurement type	Action type/claim type	Explainer
On-site/private wire LCE	Activity level	Decarbonizes emissions that are not embedded in an activity pool
Physical PPA	Activity pool level	Decarbonizes emissions that are embedded in an activity pool
Financial (virtual) PPA		
Contract with supplier		
Unbundled certificate purchase		
Default delivered LCE, supported by certificates (e.g. U.S. RPS REC retirements)		
Default delivered LCE in activity pools with >95% LCE in generation mix and no certificate registry		

- SBTi noted that what counts as activity level LCE may evolve given the discussions in the GHG P S2 TWG around applying certificates from the grid to on-site generation.

Discussion

Option B meeting:

- One EWG member noted that a rule prohibiting the application of EACs to off-grid consumption would also imply that EACs applied to grid consumption should represent LCE generated and sold to the grid, and that tracking systems were not all in a position to supply this information (but that it would be feasible to track).
 - SBTi elaborated that, yes, a deliverability criterion necessitates this information being available. Deliverability means that market instruments for LCE cannot be applied to non-grid sources of electricity consumption (which are not part of activity pools) and also that the LCE claimed must have been sold to the grid.
- One EWG member raised a point that companies looking to reduce costs would look to sell EACs issued to their on-site systems.
 - From SBTi: companies consuming from their systems, but selling the EACs, would not be able to claim use of that LCE. However, no company could claim those EACs in their scope 2 either.
- SBTi again noted the relevance of ongoing GHG P S2 TWG discussions to this aspect of deliverability.

Sense check: Deliverability

- SBTi outlined that CNZS would include a 'deliverability' principle in the scope 2 geographic matching rules, without an explicit list of deliverability regions at this stage given the ongoing discussions in GHG P. Two definitions in CNZS support the application of a deliverability principle:
 - Deliverability: The ability of a source of electricity generation to serve a source of electricity consumption.
 - Deliverability region: A geographical area throughout which all sources of electricity generation connected to a synchronous grid can reasonably be expected to serve sources of electricity consumption connected to that grid. A deliverability region balances the following aspects of an area in the electricity system: (1) synchronous grid boundaries, (2) transmission congestion, and (3) regional connectivity.
- SBTi requested feedback on whether adding a 'bidding zone' provision to give certainty in markets that employ zonal electricity pricing was sensible.

Discussion

Option A meeting:

- One EWG member raised a point that the energy transition in some regions (especially Africa) would involve off-grid energy to a greater extent, and that deliverability criteria that required instruments applied to electricity consumption from

the grid to represent electricity sold to the same grid could hinder action to support off-grid energy.

- SBTi shared comments received that in some markets, the liquidity of certificates from on-site systems being sold, without exporting the underlying electricity to the grid, appeared to be diluting signals for grid-tied generation. SBTi also shared that actions that did not meet a deliverability criterion could be classified as an alternative form of action from activity pool action.
- One EWG member recommended that bidding zones should not universally be referred to as deliverability regions since some do not accurately represent regions throughout which transmission is unconstrained.

Option B meeting:

- Members were generally supportive of a move away from a strict list of deliverability regions and towards a deliverability criterion for a company to show assurance against. SBTi stressed it was not supporting an outcome where different companies were validated against different interpretations of deliverability and that the third-party recognition framework would play an important role in safeguarding credible applications of the deliverability criterion.
- One EWG member added further comments about the need for tracking systems to better represent when electricity from on-site systems has been sold to the grid or not in the information aggregated by certificates.
- One EWG member pointed out the need for all frameworks (SBTi/RE100/GHG P) to be aligned on the issue of deliverability. Another EWG member agreed and emphasized a lack of consensus on how deliverability regions should be defined in GHG P.
- SBTi also highlighted the role that its mechanisms to trigger revisions to Standards could support new provisions on deliverability in CNZS V2 in the future.

Sense check: 15-year rule

- SBTi summarized the proposed exemptions to the 15-year generator age limit:
 - Long-term, project-specific market instruments where the company is the original off-taker
 - A percentage-based exemption varying by deliverability region based on the average share of firm LCE in the generation mix. For example, in Norway, where the grid is 90% hydro, a company could exempt 90% of its local LCE matching from the age limit.
 - Default delivered LCE, supported by certificates (for example, U.S. RPS REC retirements). SBTi noted this exemption significantly overlapped with Standard Supply Service and could be replaced by it.
 - Legacy instruments (discussion on legacy clauses came later in the meeting).
 - Default delivered LCE in deliverability regions with >95% LCE in the generation mix and no certificate registries.
 - A fixed volume exemption equal to 15% of the company's global electricity purchasing (for example, a company consuming 100 GWh globally could allocate 15 GWh to LCE matching from older projects that is not covered by another exemption)

Discussion

Option A meeting:

- One EWG member asked if VPPAs would be eligible under the long-term, project-specific exemption. SBTi clarified that yes, any procurement type except the default delivered types could possibly demonstrate project-specific & original off-taker characteristics. They also commented that the Green-e program does not exempt default delivered LCE supported by certificates from the 15-year rule.
- Several EWG members commented on the safeguards needed around the legacy clause and 15% exemption to avoid undesirable outcomes where companies avoided action to procure from new projects in the dirtiest locations or hours

Option B meeting:

- One EWG member argued that a fifteen-year limit was already a weak incrementality requirement, and that any exemptions to it would further weaken it.
- One EWG member raised a concern that the exemptions were not all mutually exclusive and could conceivably sum to more than the company's electricity consumption in a given region

Sense check: Legacy clauses

- SBTi requested feedback on whether the legacy clause mechanisms across deliverability and the age limit were sensible. An example was presented in the context of deliverability for a European contract, whether SBTi should explicitly prohibit claims in different countries from those a contract was being used in for claims before the effective date of CNSZ V2.

Discussion

Option A meeting:

- One EWG member argued that yes, deliverability should not be extended to new regions after the effective date, but should only be extended as far as it had been before the effective date. Other EWG members agreed with a sentiment that legacy claims should not use greater flexibility after the effective date than the flexibility those instruments were used with prior to the effective date.
- One EWG member argued that transparency around how legacy instruments are used would be preferable to more limits on their use to accommodate corporate preferences.
- One EWG member argued that the point of the legacy clause was only to prevent stranded assets and that limiting deliverability for legacy instruments beyond what was understood by a company at the point of signing the instrument could strand those assets, and mentioned that companies' shifting loads and exit or entry from certain regions could significantly complicate the question.
- One EWG member advocated for a sunset clause to be added to the legacy clause so that CNZS V2 guarantees deliverability past a certain date.
- One EWG member commented that a legacy clause may not adequately

Option B meeting:

- EWG members observed that companies' shifting loads created significant questions for how legacy instruments should be distributed (both by load and by location) after the effective date.
- One EWG member commented that legacy PPAs should be subjected to fewer restrictions than other instruments.
- EWG members generally agreed that a scenario in which a legacy instrument from an old project should not be applied to consumption in a deliverability region outside of the one the project is located in.

Part 3: Recognition framework for hourly matching

- SBTi outlined the new proposed approach for hourly matching which was to:
 - Require hourly matching for net-zero aligned (i.e. 100% LCE) claims
 - Include a near/medium-term optional recognition framework for hourly performance below the net-zero aligned benchmark performance.

Discussion

Option A meeting:

- Some EWG members commented that the decrease in ambition compared with PC2 appeared drastic and asked whether alternatives, such as a revised threshold or phase-in schedule had been considered as an alternative to dropping the requirement.
 - SBTi explained that a revised threshold had been internally rejected based on the degree of opposition to hourly matching from companies.
- Several EWG members commented on misalignment with GHG P, CBAM, other international regulatory developments, and research supporting the impact of hourly matching and deliverability.
- Several EWG members commented that the requirement to use hourly matching only for 100% was nonsensical and would produce outcomes where companies maintained 99% under annual matching approaches.
- Some EWG members commented that a softer 'launch' for hourly matching was justified given the conclusions on the issue from GHG P were far off, SBTi has a mechanism to revise standards when necessary, and the already significant changes in scope 2 from V1.3. Some EWG members countered that this position was unjustifiable given what research into hourly matching already showed.

Option B meeting:

- Some EWG members asked for more information on how the percentage-based exemption from the age limit would work under hourly matching. More concerns appeared about how exemptions from the age limit could stack together within a market.
- One EWG member raised concerns about the feasibility of using hourly accounting intervals to prove deliverability between deliverability regions by contracting for

transmission, pointing to electricity trade between countries that is sometimes only settled on a monthly basis and that hourly interconnector data between two countries could be considered sensitive information by national entities and suggested that this be an area for a third-party recognition framework to handle better. SBTi also wondered if the price convergence criterion could ever be triggered in ASEAN, as its presumption is that substantial interconnection between countries produces this convergence, and substantial interconnection in ASEAN does not exist.

- SBTi asked EWG members what they thought could be improved about the hourly matching recognition approach, since its intent was to stimulate the innovation needed to get more companies comfortable with hourly matching, but it might only attract companies with PPAs for which hourly calculations are straightforward today and less associated with the institutional challenges to get all users measuring hourly LCE. One EWG member suggested that the framework should incentivize companies to focus their calculations on their most material loads. Another EWG member said SBTi should be at least as aggressive on hourly matching as GHG P.
- One EWG member asked for more information about hourly matching requirements based on other triggers, like company categorization in addition to a revised threshold for hourly matching.
- One EWG member asked how other initiatives like the 24/7 Carbon Free Coalition were handling the GHG P process. SBTi commented that that initiative functions similarly to SBTi's recognition framework currently, in that it does not require companies' hourly matching targets to cover 100% of their loads, but on a subset of their load called their 'participating demand'.

Conclusion and next steps

The SBTi shared the next steps as follows:

- A separate meeting on the new mitigation hierarchy would be held in late March/early April to bring several EWGs together to discuss SBTi's generalized positions on market instruments in SBTs.